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SUBJECT: ANGOLA PROVINCIAL NOTES: SLOW DEVELOPMENT IN LUNDA NORTH, ANGOLA'S WILD WEST (PART 1 OF 3)

Classified By: CDA Francisco Fernandez for reason 1.4 (b) and (d)

**¶11. (SBU)** Summary: Diamond-rich Lunda North province is on the slow track to development. Despite the important role of the diamond sector in contributing to Angola's non-petroleum derived economy the province remains rural, underdeveloped and isolated from the rest of the country. Few employment opportunities exist outside of the diamond and public sectors, and economic growth and development is restricted to urban areas. Voter registration is moving slowly, and large swathes of the province have not been reached by registration brigades. Government officials believe the extended registration period will allow them to reach eligible voters, but the opposition parties remain skeptical and critical of the GRA's efforts in the province. End summary.

**¶12. (U)** This cable is part one of a three part series on Lunda Norte province. Poloff visited Lunda Norte province from June 6-8th, 2007 with Dutch and British Emboffs. This cable focuses on economic development and voter registration; septels cover human rights and village life. The delegation met with the provincial government, electoral officials, police, opposition party, civil society and religious leaders, and also paid a visit to a small village. The visit touched on economic development, human rights, electoral registration, and the political climate in the province.

Background: Lunda Norte, the Forgotten Province

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**¶13. (U)** Lunda Norte has an estimated population of 850,000 and covers 103,000 square kilometers in the northeastern corner of Angola, bordering the DRC on the north and east. The province has nine municipalities and the provincial capital of Dundo is located in the northeastern corner of the province. The Lunda-Chokwe people are the dominant ethnic group, and the province is a stronghold for the opposition PRS (Party for Social Renovation).

**¶14. (U)** The province is known for its vast diamond reserves and has scant economic activity outside the diamond and government sectors. In a meeting Emboffs, Provincial Governor Manuel Francisco Gomes Maiato described the province as still suffering from the lack of colonial-era investment. The Portuguese lacked the capital to develop infrastructure in the vast region; the little development found there was done by Diamang, an English-Belgian-French-Portuguese joint venture that was granted an exclusive concession for diamond exploration and mining in 1917. Diamang built roads and factory towns that remain the base of development in the province. Diamang was nationalized in 1977 and became Endiama, the Angolan diamond parastatal.

**¶15. (U)** In the civil war period Lunda Norte saw relatively few military skirmishes and UNITA's need to access the diamonds fields discouraged it from laying many landmines. Roads laid in the 40s and 50s have never been maintained and are now

littered with enormous, truck-swallowing holes. Downed bridges and bad roads make it virtually impossible to drive through the Province from west to east, leaving the provincial government in Dundo effectively isolated from the interior.

#### Trickle Down Benefits of the Peace Dividend

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**¶6.** (SBU) The province's economic development is driven by government spending and the diamond industry. Governor Maiato's priorities are building schools, medical centers, distribution systems for potable water, and roads that link the provincial capital to the rest of the province. The Provincial Government is also working to diversify the economy and encourage investment outside the diamond sector. In a county known for its bureaucracy Lunda Norte is said to be the most bureaucratic province; one must show a letter from an employer stating the dates and purpose of travel to even embark on a plane to Lunda Norte.

**¶7.** (SBU) Urban centers are the main recipients of public works projects, most of which are line items on the GRA's budget. A new branch of the Education School of Agostinho Neto University recently opened, and a Chokwe art museum and two new hospitals are under construction. Most of these projects are driven by Governor Maiato, who is a long-time member of the ruling MPLA, a former Minister of Commerce and a close associate of President dos Santos. Articulate, passionate and clever, he often avoided direct questions about Lunda Norte by instead talking about the country overall, especially when discussing the GRA's work to rebuild and develop the country. Maiato's private passion is tennis; he is head of the Angolan Tennis Association and Dundo is home to the post-war completed three-court National Tennis

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Center.

#### Progress Limited to Urban Areas

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**¶8.** (C) Economic growth and development has been slow to move outside of urban centers, and the lack of human resources and capacity remains a serious problem. Most medical personnel in the province are GRA-contracted third country nationals, and civil society leaders openly question how new hospitals and schools will be staffed and supplied. The government also has a lock on hiring in the province. Development Workshop, an international NGO working on the USAID-funded Municipal Development Program, was not allowed to independently hire local staff for its Lunda Norte office. They were required to submit the job requirements to the provincial government, which then gave them a list of names from which they could interview and hire.

**¶9.** (U) The Governor said that the traditional attitude of suspicion and discrimination against non-diamond sector businesses and strong security concerns in the diamond sector has effectively immobilized the business community. He said that diamond industry outsiders have complained that the province has a "you can't work here" attitude. To counter that perception and encourage entrepreneurs and private investors to come to Lunda Norte, the provincial government hosted a Small Business Conference in May 2007. Note: The Governor stated that foreign investment currently accounts for 90% of investment in the province. End note.

**¶10.** (C) PRS opposition leaders criticized the GRA's management of Lunda Norte's massive diamond resources. Concerned that diamond profits are not being used for provincial development, they would like to see social investment plans and corporate social responsibility built into diamond contracts and concessions. They criticized the GRA's environmental record in the region and stated that companies leave dangerous mines open and pollute rivers with

dredging operations, issues that affect the party's largely rural and ethnic Chokwe supporters. Civil society leaders also condemned the provincial government's extravagant spending on pet projects and events, such as sponsoring the travel for tennis players, musicians and dance troupes from the DRC, Cabo Verde and Brazil, and guests brought in for a tennis tournament and lavish party on Provincial Day.

#### Slow Progress on Voter Registration

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**¶11. (U)** Electoral registration has been slow in the province, and Governor Maiato and the bi-partisan members of the Provincial Electoral Commission described in separate meetings the various logistical hurdles faced in the largely rural province. Thirteen registration brigades were planned for the province, but only seven operated through most of the first phase of registration. Only three of nine municipalities were reached in the first six months of registration; over 180,000 people were registered. All 13 brigades are now functioning as mobile brigades that move from village to village, and the Ministry of Territorial Administration supplied a helicopter to reach rural areas. Electoral officials are confident the brigades can quickly access the other six municipalities, but the opposition PRS is skeptical that electoral officials will be able to finish the registration process during the three month extension. The PRS criticized the government's rollout of its brigades, stating that brigades had yet to reach even easily accessible urban areas.

**¶12. (C)** Comment: The Governor talks the talk about the less restrictive business climate and large long-term investments in infrastructure, health and human resource development needed to jump-start economic growth in the province. Reality, however, is an economy tightly controlled by the provincial government, development funds spent on pet projects that show little long-term planning or input from citizens, and use of government influence to direct jobs. There is little reason for the central government to intervene as long as diamond revenues keep rolling in, and without outside pressure the provincial government will be slow to change its ways. End comment.

FERNANDEZ